

TITLE 18. FRANCHISE TAX BOARD  
ADOPTION OF REGULATION SECTION 18662-0, AMENDMENT TO EXISTING REGULATION  
SECTIONS 18662-1 THROUGH 18662-8, AND AMENDMENT AND RENUMBERING OF  
REGULATION SECTION 25401B TO REGULATION SECTION 19002,  
RELATING TO WITHHOLDING AT SOURCE REGULATIONS

A hearing was held on March 4, 2013 by Kenneth Davis and Bruce Langston, the "hearing officers" from the Franchise Tax Board Legal Division. The hearing was on (a) adoption of Regulation section 18662-0, (b) amendment of Regulation sections 18662-1 through 18662-8, (c) repeal of existing Regulation section 18662-7 and reservation of it for future use, (d) repeal of existing Regulation sections 18662-11 through 18662-14, and (e) amendment and renumbering of Regulation section 25401b to Regulation section 19002, which was noticed in the California Regulatory Notice Register on February 15, 2013.

Department staff reviewed the proposed regulation language and considered the comments submitted during and after the hearing. The hearing officers recommend changes to the proposed regulations, summarized below by regulation number. These changes constitute sufficiently related changes within the meaning of Government Code section 11346.8 and nonsubstantial changes within the meaning of Government Code section 11346.8. The proposed sufficiently related changes are summarized below by regulation section number.

§ 18662-0. Table of Contents.

Throughout the regulation, changes were made to reflect revised headings and subheadings.

§ 18662-1. Withholding – Generally.

- Subsection (a)(1) changes the term "generally" to the term "commonly" for clarity.
- Subsection (a)(1)(D) specifies the exceptions to backup withholding and that they are contained in Revenue and Taxation Code section 18664, subdivision (a)(3), for clarity.
- Subsection (b)(1) specifies that the exceptions to the withholding of tax at source from payments derived from California sources and from the sale of any California real property are contained in Revenue and Taxation Code section 18662, subdivision (e)(3), for clarity.
- Subsection (b)(2) specifies that the exceptions to the withholding of tax at source from the sale or exchange of California real estate by California resident and nonresident individuals and non-California business entities are contained in Revenue and Taxation Code section 18662, subdivision (e)(3), for clarity.
- Subsection (b)(3)(A) changes the phrase "sufficient information as required" to the phrase "the information required to be provided by Regulation section 18662-0 through 18662-8" for clarity.
- Subsection (b)(3)(B), dealing with cross-references throughout Regulation sections 18662-0 through 18662-8, states that Regulation 18662-7 is Reserved.
- Subsection (b)(3)(B) cross-references to Regulation section 18662-8.

- Subsection (b)(4), which cross-references to Regulation section 18662-8, is deleted because Regulation section 18662-8 is already cross-referenced in subsection (b)(3)(B).
- Subsection (b)(5) is deleted because it is unnecessary.
- Subsection (c) changes the term "person" to the term "withholding agent" for clarity.
- Subsection (c) specifies the form and manner by which withholding agents must withhold after receiving notification from the Franchise Tax Board to withhold tax from California source income, and specifies FTB Form 592, Resident and Nonresident Withholding Statement, and FTB Form 592-V, Payment Voucher for Resident and Nonresident Withholding, or their successor forms, as the forms to be used.
- Subsection (c), Example, states that the Franchise Tax Board must contact the promoter "in writing" and "inform the promoter" that withholding is required.
- Subsection (c), Example, deletes the following sentence: "The promoter has not complied with the Franchise Tax Board's notices to withhold on previous performances."
- Subsection (c), Example, changes the phrase "issues to" to the phrase "also notifies" and changes the phrase "Notice to Withhold Tax at Source" to the phrase "in writing," for clarity. An additional sentence explains that the promoter and the venue owner/operator are withholding agents.
- Subsection (c), Example, specifies FTB Forms 592, Resident and Nonresident Withholding Statement and FTB Form 592-V, Payment Voucher for Resident and Nonresident Withholding, or their successor forms, as the forms to be used in the example.
- Subsection (d) is added and sets forth the requirements contained in FTB Form 592, including but not limited to, the withholding agent's and payees' information (including name and signature), the number of payees, the types of income being reported, the total tax withheld from all payees listed by withholding agent excluding backup withholding, the total backup withholding from all payees listed by withholding agent, the total amount of tax withholding and backup withholding, and prior payments.
- Subsection (e) is added and sets forth the requirements contained in FTB Form 592-V, including but not limited to, withholding agent's information, amount of payment submitted with the form, total number of payees reported on the form, and an indication of whether the method of submission is electronic or paper.
- Throughout this regulation, general references to "regulations," "these regulations" or "withholding regulations" are changed to "Regulation sections 18662-0 through 18662-8" for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

#### § 18662-2. Definitions.

- Subsection (c) is modified to state that the term "California real estate" has the same meaning as the term "California real property interest" in the cited statute.
- Subsection (d) deletes the second and third sentences to avoid confusion and for clarity.
- Subsection (r) deletes the word "generally" from the second sentence.
- Subsection (s) adds that the qualification must be done through the "Office of Secretary of State" for consistency throughout this regulation.
- Subsection (u) replaces the phrase "applicable regulations" with the phrase "Regulation sections 18662-0 through 18662-8" for clarity.

- Subsections (w) and (x) specify that an intermediary or exchange accommodator would be considered a transferee in a "deferred exchange."
- Throughout this regulation, the term "property" is changed to "real property" where the subject matter pertains to real property, for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

### § 18662-3. Real Estate Withholding.

- Subsection (a) specifies the form and manner by which a seller may use the alternative withholding calculation, and specifies FTB Form 593-E, Real Estate Withholding Computation of Estimated Gain or Loss, or its successor form, as the form to be used.
- Subsection (a) specifies the provisions under which no withholding is required are set forth in Revenue and Taxation Code section 18662(e)(3). The word "circumstances" is replaced with the word, "provisions."
- Subsection (a) specifies the form and manner by which a withholding of tax may be exempted under an exemption certificate, and specifies FTB Form 593-C, Real Estate Withholding Certificate, or its successor form, as the form to be used.
- Subsection (a) specifies that FTB Form 593-C may be used where applicable.
- Subsection (b) specifies that FTB Form 593-E can be used where applicable.
- Subsection (c)(3) specifies the form and manner by which a real estate escrow person may assist the buyer with the withholding requirements, and specifies FTB Form 593, Real Estate Withholding Statement, and FTB Form 593-V, Payment Voucher for Real Estate Withholding, or their successor forms, as the forms to be used.
- Subsections (d)(1), (d)(2) and (d)(3), and sections and subsections within subsections (d)(1), (d)(2) and (d)(3), specify that FTB Form 593-C can be used where applicable.
- Subsection (d)(1)(B) replaces the word, "generally" with "normally, for clarity. Subsection (d)(1)(C) specifies that the withholding requirements pertaining to deferred exchanges are set forth in Revenue and Taxation Code section 18662, subdivision (e).
- Subsection (d)(2)(A)(4) deletes the following sentence: "The Franchise Tax Board shall explain these differences on Form 593-C . . ."
- Subsections (d)(2)(C) and (d)(3)(A), and sections within subsections (d)(2)(C) and (d)(3)(A), specify that FTB Form 593-E can be used where applicable.
- Subsection (d)(3)(B), and sections within subsection (d)(3)(B), specify that FTB Form 593, along with FTB Form 593-V, can be used in certain instances set forth in those subsections to certify the amount of the withholding.
- Subsection (c)(3) specifies the form and manner by which a withholding on an installment sale can be effectuated, and specifies FTB Form 593-I, Real Estate Withholding Installment Sale Acknowledgement, or its successor form, as the form to be used.
- Subsections (e)(1),(e)(2) and (e)(3) add the phrase "unless an exemption applies under FTB Form 593-C" to each subsection, as requested at the formal hearing, for clarity.
- Subsection (e)(1), specifies that FTB Form 593, FTB Form 593-V, FTB Form 593-E and FTB Form 593-I, can be used where applicable.
- Subsection (e)(2), specifies that FTB Form 593, FTB Form 593-V, FTB Form 593-E and FTB Form 593-I, can be used where applicable.

- Subsections (e)(1), (e)(2), (e)(4), (e)(5) and (e)(6), specify that FTB Form 593-C can be used to certify for exemption where applicable, as requested at the formal hearing.
- Subsection (e)(2) deletes the phrase "(inter vivos and living trust)," for clarity.
- Subsection (e)(6), Example 2, replaces the word "Since" with "Because," for clarity.
- Subsection (f), and sections within subsection (f), specifies that FTB Form 593-C, FTB Form 593-E and FTB Form 593-I can be used where applicable.
- Subsection (g), and sections within subsection (g), specifies that FTB Form 593-C can be used where applicable.
- Subsection (g)(4), Example, replaces the word, "Since" with "Because," for clarity.
- Subsection (h) is added and sets forth the requirements contained in FTB Form 593-E, including but not limited to, seller or transferor's information (including name and signature), selling price, selling expenses, net amount realized, basis in property, seller or transferor point paid, depreciation, decreases in basis, cost of additions and improvements, adjusted basis, total amount based on the gain on sale election, and total sales price withholding amount.
- Subsection (i) is added and sets forth the requirements contained in FTB Form 593-C, including but not limited to, seller or transferor's information (including name and signature), an indication of the reason the seller/transferor or real estate transaction is exempt from withholding requirements, and an indication of the reason the seller/transferor may partially or fully exempt the sale from withholding requirements.
- Subsection (j) is added and sets forth the requirements contained in FTB Form 593, including but not limited to, the withholding agent's information, the seller or transferor's information (including name and signature), escrow or exchange information, and the
- Subsection (k) is added and sets forth the requirements contained in FTB Form 593-V, including but not limited to, the withholding agent's information, the total number of payees, the amount of payment and an indication of how FTB Form 593 was submitted (paper or electronic).
- Subsection (l) is added and sets forth the requirements contained in FTB Form 593-I, including but not limited to, the buyer's information (including name and signature), the seller or transferor's information, and the installment agreement terms.
- Throughout this regulation, the term "property" is changed to "real property" where the subject matter pertains to real property, for clarity.
- Throughout this regulation, general references to "regulations," "these regulations" or "withholding regulations" are changed to "Regulation sections 18662-0 through 18662-8" for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

§ 18662-4. Withholding on Payments (Nonresident Individuals and Non-California Business Entities) - General.

- The title of Regulation 18662-4 is changed from "Withholding on Payments (Nonresident Withholding) – General" to "Withholding on Payments (Nonresident Individuals and Non-California Business Entities) – General", as requested at the formal hearing.
- Subsection (a)(1) specifies that withholding of tax at source is required except as set forth in Revenue and Taxation Code section 18662 and Regulation sections 18662-0 through 18662-8.

- Subsection (a)(4), dealing with cross-references throughout Regulation sections 18662-0 through 18662-8, states that Regulation 18662-7 is reserved.
- Subsection (a)(4) cross-references to Regulation section 18662-8.
- Subsection (b) deletes the phrases "Generally," "instructions and publications," and "in this subsection (b), and adds "Unless otherwise stated in this subsection (b) or any of the forms referenced herein," for clarity.
- Subsection (b)(1) deletes the third sentence which stated "The Franchise Tax Board may provide forms and instructions necessary to assist withholding agents in determining residency status."
- Subsection (b)(1), Examples 1, 2, and 3, specifies the form and manner by which a withholding agent may determine a payee's residency status, and specifies FTB Form 590, Withholding Exemption Certificate, or its successor form, as the form to be used.
- Subsections (b) and (c), and sections within subsections (b) and (c), specify that FTB Form 590 can be used as an exemption certificate where applicable.
- Subsection (b)(2) specifies that whether a business entity payee is doing business in California should be determined under meaning of Revenue and Taxation Code section 23101, as requested at the formal hearing.
- Subsections (b)(2), Example 1, and (e)(1) change the term "group" to "combined" for consistency.
- Subsection (c)(2) adds the term "substantially" before the phrase "similar language" for clarity.
- Subsection (c)(3) deletes the second sentence which stated "The Franchise Tax Board may provide procedures for retaining and/or filing certificates by forms and instructions."
- Subsection (d) specifies the form and manner by which a withholding agent who withholds tax at source may also be required to file an information return, and specifies FTB Form 592, Resident and Nonresident Withholding Statement, and FTB Form 592-F, Foreign Partner or Member Annual Return, or their successor forms, as the forms to be used.
- Subsection (e) changes the phrase "In some cases" to the phrase "In certain circumstances set forth more specifically in the forms referenced in this subdivision (e)," for clarity.
- Subsection (e)(1) specifies the form and manner by which a request for waiver from the withholding requirements can be made, and specifies FTB Form 588, Nonresident Withholding Waiver Request, or its successor form, as the form to be used.
- Subsection (e)(2) specifies the form and manner by which a request for reduction of the withholding amount can be made, and specifies FTB Form 589, Nonresident Reduced Withholding Request, or its successor form, as the form to be used.
- Subsection (e)(3), adds the term "reasonable" before the term "requirements" for clarity.
- Subsection (h) is added and sets forth the requirements contained in FTB Form 590, including but not limited to, the withholding agent's name (including signature), the payee information, and an indication as to the reason the payee is exempt from the withholding requirements.
- Subsection (i) is added and sets forth the requirements contained in FTB Form 592, including but not limited to, the withholding agent's and payees' information (including name and signature), the number of payees, the types of income being reported, the total tax withheld from all payees listed by withholding agent excluding backup

withholding, the total backup withholding from all payees listed by withholding agent, the total amount of tax withholding and backup withholding, and prior payments.

- Subsection (j) is added and sets forth the requirements contained in FTB Form 592-F, including but not limited to, the withholding agent's information (including name and signature), the payee information, the total number of foreign partners or members, the total tax amount withheld from all payees listed by withholding agent, excluding backup withholding, total backup withholding from all payees listed by withholding agent, total amount of tax withholding and backup withholding (combined), total of prior payments of foreign partners' or member's withholding, overpayment amount, credit to be applied, and refund information (if applicable).
- Subsection (k) is added and sets forth the requirements contained in FTB Form 588, including but not limited to, the withholding agent's information, the requester's information (including name and signature), an indication as to the type of income subject to withholding, payee's information, and an indication as to the reasons for the waiver request.
- Subsection (l) is added and sets forth the requirements contained in FTB Form 589, including but not limited to, the withholding agent's information, the payee's information (including name and signature), an indication as to the type of income subject to withholding, date of service, gross California source payment, withholding agent expenses, and net California source payment.
- Throughout this regulation, the term "property" is changed to "real property" where the subject matter pertains to real property, for clarity.
- Throughout this regulation, general references to "regulations," "these regulations" or "withholding regulations" are changed to "Regulation sections 18662-0 through 18662-8" for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

#### § 18662-5. Other Types of Payments and Withholding Obligations.

- Subsection (a)(1) specifies the form and manner by which a request for waiver from the withholding requirements can be made, and specifies FTB Form 588, Nonresident Withholding Waiver Request, or its successor form, as the form to be used.
- Subsection (a)(1) specifies the form and manner by which a request for reduction of the withholding amount can be made, and specifies FTB Form 589, Nonresident Reduced Withholding Request, or its successor form, as the form to be used.
- Subsection (a)(6) specifies the form and manner by which a withholding can be completed on portion of the sale that relates to services provided in California, and specifies FTB Form 587, Nonresident Withholding Allocation Worksheet, or its successor form, as the form to be used.
- Subsection (b) specifies the form and manner by which a withholding agent may determine a payee's residency status, and specifies FTB Form 590, Withholding Exemption Certificate, or its successor form, as the form to be used.
- Subsection (c)(4) specifies that FTB Form 587 and FTB Form 590 can be used where applicable.

- Subsection (d)(1)(B)(4) specifies that withholding of tax at source is required, except as set forth in Revenue and Taxation Code section 18662 and Regulation sections 18662-0 through 18662-8.
- Subsection (d)(1)(C) adds the phrase "excluding property management fees" to that subsection ("The total payments of California source income to the nonresident owner, excluding property management fees, exceed \$1,500 for the calendar year."), as requested at the formal hearing.
- Subsections (h)(1), Method 2, and (h)(2) specify that FTB Form 587 can be used where applicable.
- Subsections (h)(1) removes the phrase "approved by the Franchise Tax Board" and adds the phrase "of allocation" for clarity.
- Subsection (h)(2) adds the phrase "Except as otherwise provided in this subdivision (h)(2)" at the beginning of the sentence, immediately preceding the term "withholding."
- Subsection (h)(4) changes the term "Generally" to the phrase "Except as set forth in California Code of Regulations, Title 18, Sections 1506, 1521, 1524, 1523, 1546, 1548, 1549, 1550, 1551 and 1553," for clarity.
- Subsection (h)(4) changes the phrase "would be" to the term "are" and the phrase "would not be" to the phrase "are not".
- Subsection (i) is added and sets forth the requirements contained in FTB Form 588, including but not limited to, the withholding agent's information, the requester's information (including name and signature), an indication as to the type of income subject to withholding, payee's information, and an indication as to the reasons for the waiver request.
- Subsection (j) is added and sets forth the requirements contained in FTB Form 589, including but not limited to, the withholding agent's information, the payee's information (including name and signature), an indication as to the type of income subject to withholding, date of service, gross California source payment, withholding agent expenses, and net California source payment.
- Subsection (k) is added and sets forth the requirements contained in FTB Form 587, including but not limited to, the withholding agent's information, the nonresident payee's information (including name and signature), an indication as to the type of payments, and information with respect to income allocation.
- Subsection (l) is added and sets forth the requirements contained in FTB Form 590, including but not limited to, the withholding agent's name (including signature), the payee information, and an indication as to the reason the payee is exempt from the withholding requirements.
- Throughout this regulation, general references to "regulations," "these regulations" or "withholding regulations" are changed to "Regulation sections 18662-0 through 18662-8" for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

#### § 18662-6. Nonresident Withholding. Entertainers, Athletes and Speakers.

- Subsection (a)(1)(A) adds punctuation plus the word, "and," for clarity.
- Subsection (a)(2) states that the notices and notifications from the Franchise Tax Board to the withholding agent shall be in "written" form, for clarity.

- Subsection (a)(2) specifies the form and manner by which a withholding agent may determine a payee's residency status, and specifies FTB Form 590, Withholding Exemption Certificate, or its successor form, as the form to be used.
- Subsection (a)(2), Example, specifies the form and manner by which withholding agents must withhold after receiving notification from the Franchise Tax Board to withhold tax from California source income, and specifies FTB Form 592, Resident and Nonresident Withholding Statement, or its successor form, as the form to be used.
- Subsection (b) states that payees can request a waiver or reduced withholding amount at least 21 business days prior to the nonresident's performance or California activity date.
- Subsection (b) specifies the form and manner by which a request for waiver from the withholding requirements can be made, and specifies FTB Form 588, Nonresident Withholding Waiver Request, or its successor form, as the form to be used.
- Subsection (b) specifies the form and manner by which a request for reduction of the withholding amount can be made, and specifies FTB Form 589, Nonresident Reduced Withholding Request, or its successor form, as the form to be used.
- Subsection (d) adds the term "mistakenly," for clarity.
- Subsection (g) is added and sets forth the requirements contained in FTB Form 590, including but not limited to, the withholding agent's name (including signature), the payee information, and an indication as to the reason the payee is exempt from the withholding requirements.
- Subsection (h) is added and sets forth the requirements contained in FTB Form 592, including but not limited to, the withholding agent's and payees' information (including name and signature), the number of payees, the types of income being reported, the total tax withheld from all payees listed by withholding agent excluding backup withholding, the total backup withholding from all payees listed by withholding agent, the total amount of tax withholding and backup withholding, and prior payments.
- Subsection (i) is added and sets forth the requirements contained in FTB Form 588, including but not limited to, the withholding agent's information, the requester's information (including name and signature), an indication as to the type of income subject to withholding, payee's information, and an indication as to the reasons for the waiver request.
- Subsection (j) is added and sets forth the requirements contained in FTB Form 589, including but not limited to, the withholding agent's information, the payee's information (including name and signature), an indication as to the type of income subject to withholding, date of service, gross California source payment, withholding agent expenses, and net California source payment.
- Throughout this regulation, there are multiple instances where the phrase "Waiver Determination Notice" is changed to the phrase "waiver determination notice" and the phrase "Reduced Withhold Approval letter" is changed to the phrase "reduced withhold approval letter," for clarity.
- Throughout this regulation, general references to "regulations," "these regulations" or "withholding regulations" are changed to "Regulation sections 18662-0 through 18662-8" for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

§ 18662-7. [Reserved].

No comments were made to this section, which is reserved for future use.

§ 18662-8. Reporting and Remitting Amounts Withheld; Penalties and Interest.

- Subsection (a) changes the phrase "The Franchise Tax Board shall prescribe forms and instructions for the reporting and remitting of withholding of tax amounts" to the phrase "The Franchise Tax Board shall prescribe necessary forms set forth in Regulation sections 18662-0 through 18662-8, or any successor forms designated by the Franchise Tax Board on its website at [www.ftb.ca.gov](http://www.ftb.ca.gov), for the reporting and remitting of withholding of tax amounts," for clarity.
- Subsection (b)(1) specifies the form and manner by which a real estate escrow person may assist the buyer with the withholding requirements, and specifies FTB Form 593, Real Estate Withholding Statement, and FTB Form 593-V, Payment Voucher for Real Estate Withholding, or their successor forms, as the forms to be used. The subsection also deletes a reference to a booklet, as unnecessary.
- Subsection (b)(2)(A) changes "should be reported" to "is reportable," for clarity.
- Subsection (b)(2)(A) deletes a publication reference after the word, "electronically," to coincide with the change to subsection (c)(4) herein.
- Subsections (b)(2)(A) and (b)(2)(B) specify that FTB Form 593 and FTB Form 593-V can be used where applicable.
- Subsection (c)(1) specifies the form and manner by which withholding agents must withhold after receiving notification from the Franchise Tax Board to withhold tax from California source income, and specifies FTB Form 592, Resident and Nonresident Withholding Statement, and FTB Form 592-V, Payment Voucher for Resident and Nonresident Withholding, or their successor forms, as the forms to be used. The subsection also deletes a publication reference, as unnecessary.
- Subsection (c)(2) specifies the form and manner by which a withholding agent who withholds tax at source may also be required to file an information return, and specifies FTB Form 592-F, Foreign Partner or Member Annual Return, or its successor form, as the form to be used.
- Subsection (c)(3)(A) specifies that FTB Form 592 and FTB Form 592-F can be used where applicable.
- Subsection (c)(3)(A) specifies the form and manner by which withholding on payments should be reported, and specifies FTB Form 592-A, Payment Voucher for Foreign Partner or Member Withholding, or its successor form, as the form to be used.
- Subsection (c)(3)(A) deletes the last sentence that stated: "The Franchise Tax Board may by forms and instructions prescribe how to report withholding where the payee fails to provide a TIN, or has applied for a TIN and has not yet received it at the time the withholding is remitted." The subsection also deletes the publication reference to coincide with the change to subsection (c)(4) herein.
- Subsection (c)(3)(B) specifies the form and manner by which information returns should be provided to the payee, and specifies FTB Form 592-B, Resident and Nonresident Withholding Tax Statement, or its successor form, as the form to be used.

- Subsections (c)(4) and (c)(5) specify that FTB Form 592, FTB Form 592-A, FTB Form 592-F and FTB Form 592-V, can be used where applicable.
- Subsection (c)(4) deletes the word "Requirements" in the title, deletes the sentence relating to electronic payments and reports, and deletes the publication reference.
- Subsection (c)(5) deletes the last sentence that stated: "The Franchise Tax Board shall supply forms and instructions for amended information returns and payments."
- Subsection (d)(1) changes the term "allows" to "requires" as the statute cited therein (Revenue and Taxation Code section 18668, subdivision (b)) states "shall" not "may."
- Subsection (d)(2)(A) specifies that FTB Form 592, FTB Form 592-B, FTB Form 592-F and FTB Form 593, can be used where applicable.
- Subsection (d)(2)(B) specifies that FTB Form 593 can be used where applicable.
- Subsection (d)(2)(C) changes the term "if" to "when" for clarity.
- Subsection (d)(2)(D)(2) specifies that FTB Form 593 can be used where applicable.
- Subsection (d)(2)(D)(2) specifies the form and manner by which a withholding of tax may be exempted under an exemption certificate, and specifies FTB Form 593-C, Real Estate Withholding Certificate, or its successor form, as the form to be used.
- Subsection (e) changes "by forms and instructions" to "in writing, and changes "separate" to "other," for clarity.
- Subsection (f) changes the term "Generally" to the phrase "Except as set forth in Revenue and Taxation Code section 18534 and section 18536," for clarity.
- Subsection (g) is added and sets forth the requirements contained in FTB Form 593, including but not limited to, the withholding agent's information, the seller or transferor's information (including name and signature), escrow or exchange information, and the amount withheld from the seller or transferor.
- Subsection (h) is added and sets forth the requirements contained in FTB Form 593-V, including but not limited to, the withholding agent's information, the total number of payees, the amount of payment and an indication of how FTB Form 593 was submitted (paper or electronic).
- Subsection (i) is added and sets forth the requirements contained in FTB Form 592, including but not limited to, the withholding agent's and payees' information (including name and signature), the number of payees, the types of income being reported, the total tax withheld from all payees listed by withholding agent excluding backup withholding, the total backup withholding from all payees listed by withholding agent, the total amount of tax withholding and backup withholding, and prior payments.
- Subsection (j) is added and sets forth the requirements contained in FTB Form 592-V, including but not limited to, withholding agent's information, amount of payment submitted with the form, total number of payees reported on the form, and an indication of whether the method of submission is electronic or paper.
- Subsection (k) is added and sets forth the requirements contained in FTB Form 592-F, including but not limited to, the withholding agent's information (including name and signature), the payee information, the total number of foreign partners or members, the total tax amount withheld from all payees listed by withholding agent, excluding backup withholding, total backup withholding from all payees listed by withholding agent, total amount of tax withholding and backup withholding (combined), total of prior payments of foreign partners' or member's withholding, overpayment amount, credit to be applied, and refund information (if applicable).

- Subsection (l) is added and sets forth the requirements contained in FTB Form 592-A, including but not limited to, withholding agent's information, an indication of the beginning and end of the partnership's or LLC's calendar or fiscal year, and the amount of payment submitted.
- Subsection (m) is added and sets forth the requirements contained in FTB Form 592-B, including but not limited to, withholding agent's information, payee's information, an indication of the types of income being reported, the total amount subject to withholding, the total California tax withheld and the total backup withholding.
- Subsection (n) is added and sets forth the requirements contained in FTB Form 593-C, including but not limited to, seller or transferor's information (including name and signature), an indication of the reason the seller/transferor or real estate transaction is exempt from withholding requirements, and an indication of the reason the seller/transferor may partially or fully exempt the sale from withholding requirements.
- Throughout this regulation, general references to "regulations," "these regulations" or "withholding regulations" are changed to "Regulation sections 18662-0 through 18662-8" for clarity.
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

§§ 18662-11 through 18662-14.

No comments were made to these sections, which are being repealed.

§ 19002. Credit for Tax Withheld.

- Subsection (a) specifies the form and manner by which information returns should be provided to the payee, and specifies FTB Form 592-B, Resident and Nonresident Withholding Tax Statement, or its successor form, as the form to be used.
- Subsection (a) specifies the form and manner by which a real estate escrow person may assist the buyer with the withholding requirements, and specifies FTB Form 593, Real Estate Withholding Statement, or its successor form, as the form to be used.
- Subsection (b) specifies that FTB Form 592-B can be used where applicable.
- Subsection (c) specifies the form and manner by which withholding agents must withhold after receiving notification from the Franchise Tax Board to withhold tax from California source income, and specifies FTB Form 592, Resident and Nonresident Withholding Statement, and FTB Form 592-V, Payment Voucher for Resident and Nonresident Withholding, or their successor forms, as the forms to be used.
- Subsection (d)(2) specifies that FTB Form 592 and FTB Form 592-V can be used where applicable.
- Subsection (d)(3) specifies the form and manner by which a real estate escrow person may assist the buyer with the withholding requirements, and specifies FTB Form 593-V, Payment Voucher for Real Estate Withholding, or its successor form, as the form to be used.
- Subsection (d)(3) specifies that FTB Form 592, FTB Form 592-V, FTB Form 593 and FTB Form 593-V, can be used where applicable.
- Subsection (g) is added and sets forth the requirements contained in FTB Form 592-B, including but not limited to, withholding agent's information, payee's information, an

indication of the types of income being reported, the total amount subject to withholding, the total California tax withheld and the total backup withholding.

- Subsection (h) is added and sets forth the requirements contained in FTB Form 593, including but not limited to, the withholding agent's information, the seller or transferor's information (including name and signature), escrow or exchange information, and the amount withheld from the seller or transferor.
- Subsection (i) is added and sets forth the requirements contained in FTB Form 592, including but not limited to, the withholding agent's and payees' information (including name and signature), the number of payees, the types of income being reported, the total tax withheld from all payees listed by withholding agent excluding backup withholding, the total backup withholding from all payees listed by withholding agent, the total amount of tax withholding and backup withholding, and prior payments.
- Subsection (j) is added and sets forth the requirements contained in FTB Form 592-V, including but not limited to, withholding agent's information, amount of payment submitted with the form, total number of payees reported on the form, and an indication of whether the method of submission is electronic or paper.
- Subsection (k) is added and sets forth the requirements contained in FTB Form 593-V, including but not limited to, the withholding agent's information, the total number of payees, the amount of payment and an indication of how FTB Form 593 was submitted (paper or electronic).
- Throughout this regulation, there are multiple instances where other nonsubstantial grammatical or stylistic changes are made.

These nonsubstantial or sufficiently related changes are being made available to the public for the 15-day period required by Government Code section 11346.8, subdivision (c), and Section 44 of Title 1 of the California Code of Regulations. Written comments regarding these changes will be accepted until 5:00 p.m. on January 16, 2014.

Following the hearing on March 4, 2013, department staff also reviewed the Initial Statement of Reasons for proposed adoption of Regulation section 18662-0, proposed amendment of Regulation sections 18662-1 through 18662-8, proposed repeal of existing Regulation section 18662-7 and reservation of it for future use, repeal of existing Regulation sections 18662-11 through 18662-14, and amendment and renumbering of Regulation section 25401b to Regulation section 19002 (ISR). Department staff made substantial revisions to the ISR, although none of these changes have an impact on the text or scope of the proposed regulation. In addition, Regulation section 18662-8 was mistakenly omitted from the title of the original ISR. The contents of the original ISR explained the amendment provisions to Regulation section 18662-8 and contained the other regulatory requirements relating to that section. The revised ISR now contains Regulation 18662-8 in its title.

A copy of the revised ISR is being included with this mailing, and is also available for inspection in the public file of the Franchise Tax Board, upon request. Individuals may also comment on the revised ISR during the 15-day period. Written comments regarding these changes will be accepted until 5:00 p.m. on January 16, 2014.

All inquiries and written comments concerning this notice should be directed to Colleen Berwick at (916) 845-3306, FAX (916) 845-3648, E-Mail: [colleen.berwick@ftb.ca.gov](mailto:colleen.berwick@ftb.ca.gov), or by mail to the Legal Division, Attn: Colleen Berwick, P.O. Box 1720, Rancho Cordova, CA 95741-1720. This notice and the proposed amendment will also be made available at the Franchise Tax Board's website at [www.ftb.ca.gov](http://www.ftb.ca.gov).